



# FINAL REPORT

## Motor Vehicle Dealers Study Committee

March 2006

### MEMBERS

Senator Matt McCoy, Co-chairperson  
Senator John Putney, Co-chairperson  
Senator Thomas Rielly  
Senator Brad Zaun

Representative Scott Raecker,  
Co-chairperson  
Representative Jeff Kaufmann  
Representative Jim Lykam

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### AUTHORIZATION AND APPOINTMENT

The Motor Vehicle Dealers Study Committee was established by the Legislative Council and charged with studying Iowa law pertaining to the relocation of a licensed motor vehicle dealership.



## Motor Vehicle Dealers Study Committee

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### I. Committee Proceedings.

The Committee was authorized to conduct one meeting during the 2005 Interim. The Committee met on Tuesday, October 11, 2005, in Room 24 of the State Capitol.

### II. October 11, 2005, Meeting.

**Iowa Automobile Dealers Association (IADA)—Mr. James West.** Mr. West stated that the IADA has a neutral position on issues concerning any proposed legislation related to relocation of licensed motor vehicle dealerships in Iowa. Mr. West indicated that the IADA has members who support and who oppose the proposed legislation. Mr. West presented background information explaining statutory regulation of the distribution and sale of new motor vehicles in this state, including Code chapter 322, which provides for the licensure and regulation of motor vehicle dealers by the Iowa Department of Transportation, and Code chapter 322A, which regulates specific aspects of the franchise relationship between motor vehicle manufacturers and new motor vehicle dealers. Mr. West also provided a survey of laws in other states that regulate the relocation of motor vehicle dealerships based on the concept of "relevant market area" or "area of responsibility," compiled by Ms. Martha Martell, general counsel of the IADA.

**Iowa Auto Dealers Association for Fair Competition—Mr. Mike Treinen.** Mr. Treinen introduced two representatives from new motor vehicle dealers in the Des Moines area, who are members of his association, to make presentations to the Committee.

- **Bob Brown Chevrolet—Mr. Ron Brown.** Mr. Brown, who is the owner of a General Motors franchise located in Urbandale, spoke concerning the area of responsibility of his dealership and presented maps which illustrated the relocation or proposed relocation of other motor vehicle dealerships in the Des Moines area to new locations within their areas of responsibility as set out in their franchise agreements. Mr. Brown urged the Committee to support proposed changes to Code chapter 322 which would regulate relocations of motor vehicle dealerships.

- **Stew Hansen's Dodge City—Mr. Stew Hansen.** Mr. Hansen, who is the owner of a Dodge dealership located in Urbandale, spoke about his concern that under current Iowa law, a motor vehicle dealer can relocate to the outer edges of its area of responsibility and siphon off the business of an existing dealer already in that area. Mr. Hansen discussed legislation proposed during the 2005 Session of the General Assembly to regulate the relocation of motor vehicle dealers and urged support of the proposed measures during the 2006 Legislative Session.

**Iowa Auto Dealers for Equal Opportunity—Mr. James Piazza, Jr.** Mr. Piazza stated that he represents approximately 110 motor vehicle dealers doing business in both rural and urban areas throughout the state, who have joined together in opposition to proposed changes to Code chapter 322. Mr. Piazza outlined concerns that his organization has with the proposed legislation, which he stated expands the state's regulatory powers over motor vehicle dealers by restricting the location of new motor vehicle dealerships and restricting the relocation of existing motor vehicle dealerships. Mr. Piazza indicated that his group is also concerned with proposed transition provisions included in the proposed legislation.

**Iowa Independent Automobile Dealers Association.**



- **Mr. Doug Livy.** Mr. Livy, president of the association, stated that his group has a membership of over 300 used car dealers. Mr. Livy indicated that while legislation proposed during 2005 dealt with location and relocation of new car dealers, the legislation which called for an interim study committee to study the issues did not appear to be limited to only new car dealers. He stated that the association is deeply concerned about the proposed legislation because it appears to be geared toward the elimination of competition.

- **Ms. Judy Wilson.** Ms. Wilson, legislative chairperson of the association, indicated that the association is concerned that proposed legislation concerning areas of responsibility for motor vehicle dealers may also include used car dealers, recyclers, and motor home dealers and may limit competition. She urged the Committee to refrain from passing any legislation that would place additional burdens on Iowa's motor vehicle dealers and asked instead that the General Assembly consider legislation adding guidelines for Internet sales of motor vehicles, requiring additional educational opportunities for used car dealers, and addressing predatory lending practices in the automotive industry.

### **III. Committee Discussion and Motion.**

After discussion, the Committee adopted a motion by Co-chairperson McCoy that directed the IADA, if it chose to do so, to attempt to facilitate a compromise between the opposing groups and to propose language reflecting that compromise in a report to be presented to the Committee, by November 25, 2005. Mr. West indicated that he would relay the Committee's request to the IADA Board of Directors for consideration.

### **IV. Report by Iowa Automobile Dealers Association.**

Mr. West reported to the Committee that the IADA retained Mr. Micheal L. Thompson, Executive Director of Iowa Mediation Services, Inc., to convene mediation between members of the IADA concerning regulation of relocation of dealers who sell new motor vehicles.

### **V. Mediation Report.**

The initial mediation session was convened by Mr. Micheal L. Thompson on November 14, 2005. Participants in the meeting were Mr. James Piazza, Jr., attorney; Mr. Mike Byrnes, Harlan Auto Mart; Mr. Todd Theiri, Theiri Motor Sales; Mr. Steve Keast, Keast Ford Lincoln Mercury; Mr. Walt Keast, Keast Chevrolet and Pontiac; Mr. Tim Westrum, Granger Motors of Perry – Ford, Dodge, Chrysler; Mr. Ron Brown, Bob Brown Chevrolet; and Mr. Doug Gross and Ms. Barbara Burnett, attorneys.

Mr. Thompson reported to the Committee that after joint sessions and caucuses, the parties could not reach a settlement. Mr. Piazza, legislative liaison for Iowa Auto Dealers for Equal Opportunity, filed a written report on behalf of the organization concerning the mediation. Mr. Kevin F. Howe, attorney, filed a written report on behalf of the Iowa Metropolitan Automobile Dealers Association concerning the mediation.



## Motor Vehicle Dealers Study Committee

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### **VI. Materials Filed With the Legislative Services Agency.**

The materials listed were distributed at or in connection with the Committee deliberation and are filed with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Committee's Internet page:

[http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=73.](http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=73)

1. Statement of Mr. James West, Iowa Automobile Dealers Association.
2. Maps presented by Mr. Ron Brown, Bob Brown Chevrolet, entitled "Iowa, United States, North America" and "Waukee, Iowa, United States."
3. Statement of Mr. Stew Hansen, Stew Hansen's Dodge City.
4. Mr. James Piazza, Jr., Iowa Auto Dealers for Equal Opportunity, Position Memorandum.
5. Statement of Mr. Doug Livy, Iowa Independent Automobile Dealers Association.
6. Statement of Ms. Judy Wilson, Iowa Independent Automobile Dealers Association.
7. Background information prepared by Ms. Ann Ver Heul, Legal Services Division, Legislative Services Agency.
8. Automobile Dealers Association Mediation Report by Mr. Micheal L. Thompson, Executive Director, Iowa Mediation Service.
9. Mediation report by Mr. James Piazza, Jr., legislative liaison for Iowa Auto Dealers for Equal Opportunity.
10. Mediation report by Mr. Kevin F. Howe, attorney, representing the Iowa Metropolitan Automobile Dealers Association.